

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 6220

BILL NUMBER: SB 314

DATE PREPARED: Dec 14, 2000

BILL AMENDED:

SUBJECT: Disputed Medicaid hospital claims.

FISCAL ANALYST: Alan Gossard

PHONE NUMBER: 233-3546

FUNDS AFFECTED: X GENERAL
DEDICATED
X FEDERAL

IMPACT: State

Summary of Legislation: This bill requires that a Medicaid claim submitted for payment by a Lake County disproportionate share hospital be treated as a disputed claim, for purposes of arbitration, under certain circumstances. (The introduced version of this bill was prepared by the Interim Study Committee on Medicaid Oversight.)

Effective Date: January 1, 2001 (retroactive).

Explanation of State Expenditures: This bill defines when a claim should be considered to be "denied" or "disputed" for the purposes of claims payment arbitration in the relationship between a hospital and a Medicaid managed care organization. Medicaid expenditures would only be affected if the arbitration procedure resulted in sufficiently higher costs to the managed care organization such that those higher costs would be reflected in increased future capitation rates paid by the state.

The costs of the Medicaid program are shared with the federal government (Approximate cost shares are 62% Federal and 38% State.).

Explanation of State Revenues: See Explanation of State Expenditures, above, regarding federal reimbursement in the Medicaid program.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Office of Medicaid Policy and Planning.

Local Agencies Affected:

Information Sources: